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UNITED NATIONS DEVELOPMENT PROGRAMME

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF BOLIVIA

IPF:(1987-91) $ 23 500 000

(BOL/89/504) - Strengthening of Public Management

Date of approval by the AC:[1/]	27 February 1991
Expected duration:	Three years
Proposed executing agency:	UNDP/OPS
Government implementing agency:	Ministry of Planning and Co-ordination
Source of funds:	MDP
Total UNDP budget:	$ 1 340 700

Project background

The modernization of the public sector and management development have been given the highest priority by the actual as well as by the previous Government of Bolivia. This priority is explained by the clearly perceived need of accompanying the new economic policy and the structural adjustment process, with an increased efficiency and rational organization of the structure and functions of the public sector. The previous Government had therefore requested the assistance of UNDP, through the MDP, to streamline the Central Government and Public Institutions organization, strengthen the capacity of the public sector to promote foreign private investments, establish a Foundation for Public Administration, establish the Institute for Public Management, and develop a new National Procurement System. A project, funded by SPR-MDP was approved by the Action Committee in January 1989, but its implementation was suspended, when the new Government took office in August 1989.

The new Government, while giving equal emphasis to the need for modernization of the public sector, decided to undertake a review of the strategy to be implemented. The results of this reconsideration of the strategy led the Government to request, in July 1990, a revision of the suspended project on the basis of the following considerations: (1) The streamlining of the central Government organization was being carried out by the Government without external assistance. One of the effects of the reorganization has been the abolishment in January 1991 of 23 Under-Ministries; (2) The promotion of investment was delegated to the private sector, with the assistance of an ongoing UNDP project; (3) An ongoing World Bank financed project, EMSO (Economic Management Strengthening Operation), originally intended to be complementary to the UNDP/MDP project, had enlarged its scope to include the establishment of a Foundation for Public Administration, which is now at an advanced design stage; (4) A decision was reached not to establish an Institute for Public Management, and to give priority instead to decentralized in-service training; and (5) the establishment of a new procurement system requires more preparatory work and will need UNDP co-operation through an IPF project at a later stage. The new Government has proposed therefore to change the focus of the project to a considerable extent. As a result of a dialogue with UNDP, and of a technical mission and of a formulation mission, during the second semester of 1990, the following conclusions were reached: (1) the MDP project component dealing with investment promotion should be modified in order to reflect the need to simplify the public administration, to remove the main constraints to effective

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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management of sectoral institutions and to promote the role of the private sector; (2) two new areas appeared to be essential to achieve an increased effectiveness and modernization of the public sector: (a) the rationalization of public management and the deregulation of private activities in the sector of basic services; and (b) the improved management and co-ordination of the international co-operation. The present project was therefore reformulated accordingly.

Description of project

The present project is related to the objective "B" of the Country Programme, which is to modernize the management of the public sector. The immediate objectives are **(1)** establish mechanisms which rationalize the function of the State in investment promotion and support the private sector in mobilizing international co-operation and investments; **(2)** rationalize and define the scope of the public sector in the provision of basic services and related investments; and **(3)** strengthen the management and co-ordination of international development co-operation, at the central, regional and sectoral level.

Project activities will include: **With relation to the objective 1** the establishment of: (a) A fully operational Unit in the Confederation of Private Enterprises with the capacity of channelling and managing technical cooperation to private enterprises and of promoting a Pre-investment Revolving Fund; (b) A simplified, decentralized and automated national Unified Business Registry; (c) A reformed and strengthened Technical Service of Mine Cadastre; (d) Regulations for the application of the Hydrocarbons Law and a self-financing operational Unit in the Ministry of Energy to monitor law and regulations application; **With relation to the objective 2:** (a) A diagnosis of the basic services sector, identifying areas of deregulation, privatization and investment needs; (b) A proposal for the transformation of the regulatory and control legislation and institutional framework for the provision of basic services; (c) Criteria and "rules of the game" established to allow external financing to the private sector in the area of basic services, without intervention of the state; **With relation to the objective 3:** (a) The Directorate of International Co-operation in the Ministry of planning strengthened and capable of effectively managing revised mechanisms o. formulation, monitoring and evaluation of international co-operation; (b) Data base on international co-operation improved, with automated inputs from regional and sectoral institutions; and (c) A methodology established for evaluation studies on the impact of technical and capital assistance received and mechanisms established for needs assessment at central, regional and sectoral levels.

Inputs

UNDP will provide 481 work-months of international and national experts and consultants in management development, public administration, private and public law, sectoral legislation review and drafting, system analysis, industrial and electrical engineering, cadastre organization and management, hydrocarbons and oil economics, urban economics, sanitary engineering, communications, development cooperation, economics, sociology; support staff, travel and evaluation mission allocation; a subcontract for a legal study on regulatory systems in the sector of basic services, a subcontract for a study on financing opportunities for the private sector in the area of basic services; an allocation for study tours, to observe the experience of other countries in privatization; one vehicle, computer equipment, specialized software and supplies; and miscellaneous.

Financial data

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Personnel	1 112 200
Subcontract	36 400
Training	40 000
Equipment	129 000
Miscellaneous	23 100
Total	1 340 700

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